

0010-7  
991505

25X1A	SPEED LETTER	REPLY REQUESTED			DATE 17 FEB 69
		X	YES		
TO : NPIU		FROM :			
ATTN:					

25X1A Subject

25X1A The attached audit report disallows all computer costs in excess of [redacted] and gives notice that all hours over the amount permitted in the contract will also be disallowed. Please note in that to prevent either of these two from occurring, we must have a request from the contractor requesting new funds and a funding advice from you transferring funds to this contract. In the event that no additional funds would be added to this contract based on this apparently unauthorized computer time and rate, we will probably still require an amendment to permit Finance to pay these items.

Also, please keep me informed on what [redacted] intends to do with regard to their unauthorized overrun FEB-MAY and invoice 16. *the Dugay material is unlisted*

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**REPLY** \_\_\_\_\_ **DATE** \_\_\_\_\_

I discussed the need of computer time with [redacted] early in the contract. We agreed that it would be in the best interests of the government for them to use their computer on the contract. No rates nor hours were mentioned. I overlooked the fact that specific approval was required under the contract for them to use the computer. I can not find any maximum ceiling on computer time, but I will agree to the 436.766 hours at [redacted]. With regard to the unauthorized overrun, I haven't heard a thing. Under no circumstances were computer time or man hours [redacted] authorized which would have exceeded the contract [redacted].

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Case No. 9-211

3 DEC 1968

MEMORANDUM FOR: Chief, Procurement Division/OL  
 ATTENTION : Chief, Contract Administration and Settlement Branch  
 SUBJECT : Report on Audit, Contract [redacted]

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1. We have audited the subject contract from inception through 30 June 1968. The results of our audit are as follows:

Claimed	<u>Disapproved</u>	Provisionally Approved
[redacted]	[redacted]	[redacted]

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An explanation of cost questioned is furnished on attached Schedule No. 1.

2. No nonexpendable Government property was acquired during the period currently audited. Property considered to be nonexpendable, acquired under this contract prior to the current period has been listed in our report, audit case No. 8-312, dated 5 April 1968.

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3. The contractor has claimed 436.766 hours of computer time in a total of [redacted]. We have disapproved [redacted] as billed at a rate in excess of [redacted] an hour authorized in the contract. The computer cost of [redacted] has not been questioned in this audit but, will be disapproved in the final audit unless the contracting officer approves the 436.766 hours of computer time.

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[redacted]

Chief  
Industrial Contract Audit Division

Attachment:  
Schedule No. 1

Distribution:

- Orig. & 1 - Addressee
- 1 - GCB/C&ID/OF
- 1 - Vital Doc
- 1 - Chrono
- 1 - Perma

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Approved For Release 2005/02/10 : CIA-RDP78B04747A001100020010-7  
 ICAD/OF: [redacted] :clc/[redacted]

23/11

CASE NO. 9-211SCHEDULE NO. 1

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CONTRACTOR: CONTRACT NO. TASK ORDER NO. 

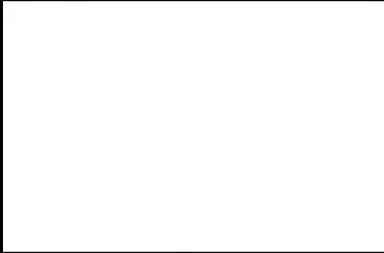
## SCHEDULE OF COSTS SUSPENDED AND/OR DISAPPROVED

DESCRIPTION	PREVIOUSLY SUSPENDED (1) AND/OR DISAPPROVED (2)	CURRENTLY (Reinstated) SUSPENDED (1) AND/OR DISAPPROVED (2)	NET TOTAL SUSPENDED (1) AND/OR DISAPPROVED (2)

Claimed

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Material  
Travel  
Computer 436.766Hr



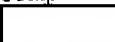
Sub Total  
Handling Charge  
@ 7.14%

Approved in accordance with  
terms of Contract

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Material  
Handling Charge  
@ 7.14%  
Travel  
Computer 436.766 Hrs

 TOTAL Disapproved

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